



State of Arizona  
Department of Education

Tom Horne  
Superintendent of  
Public Instruction

Memorandum

April 20, 2005  
CACFP CN# 31-05

To: Child and Adult Care Food Program Child Care Home Sponsoring Organizations

From: Mary Szafranski, Deputy Associate Superintendent  
Health and Nutrition Services

Melissa Steinle, Director  
Child and Adult Care Food Program

Subject: Small Group Homes: For Compensation Determination

The Department of Health Services (DHS) licenses small group homes, there by applicable Arizona Revised Statute and Arizona Administrative Code applies to the licensed facilities. Questions have arisen regarding the definition of "for compensation". A.A.C. R9-3-101.29 defines compensation as money or other consideration, including goods, services, vouchers, time, or another benefit, that is received as payment. DHS includes CACFP reimbursement for meals served as compensation. **If small group home providers claim meals served to the "not for compensation" children, it will in-turn change the children to "for compensation" and may cause the provider to be over ratio.**

The Department of Education has researched 7 CFR 226.25(c), Value of Assistance, to determine if it applies in the above situation. Below is the interpretation provided by USDA.

The "Value of Assistance" provision at section 226.25(c) refers to the value of CACFP benefits that flow to our participants (i.e., the children and adult participants who receive the meals, not the child care providers or child/adult day care centers which provide the meals). The provision means that CACFP benefits cannot be counted as income or resources to participants by any other Federal or State laws, such as for taxation purposes or for determining a participant's eligibility for other assistance programs. Thus, for example, a State could not tax the value of CACFP meals received by a tax payer's child who is receiving care from a CACFP provider. The provision does not refer to the value of reimbursement a CACFP facility or institution receives for providing program meals.

The above regulation addressing value of assistance does not apply to child care providers. Please inform all participating CACFP small group home facilities that claiming meals for “not for compensation” children will change the status of these children to “for compensation”.

Please feel free to contact your program specialist if you have further questions.

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